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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of )  
 )  
Application by SBC Communications, Inc., )  
Southwestern Bell Telephone Company, and )  
Southwestern Bell Communications Services, Inc. )  
d/b/a Southwestern Bell Long Distance for )  
Provision of In-Region, InterLATA Services )  
In Missouri )

CC Docket No. 01-88 /

To: The Commission

COMMENTS OF  
NATIONAL ALEC ASSOCIATION/  
PREPAID COMMUNICATIONS ASSOCIATION

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April 24, 2001

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### **Executive Summary**

SBC has failed to demonstrate both that it has fully complied with the 14-point “Competitive Checklist” and that the requested authorization is consistent with the public interest, convenience and necessity. Accordingly, the Commission should deny the application.

SBC has failed to demonstrate the indicia of competition in the residential resale telecommunications market. With residential resellers serving less than 2 percent of SBC’s total Missouri residential lines, SBC has little if any data to support its claim that its resale performance is “superior.” Presumably, if such data existed SWBT would not choose as supporting data measurements that reflect the provisioning of unbundled network elements.

Further, SBC’s application fails to establish that its pricing of resold services comports with statutory pricing standards. The Missouri-specific interconnection agreement that SBC touts suffers serious competitive shortcomings. Likewise, its alternative 13-state interconnection agreement is problematic for resellers, as it contain numerous provisions that are to be expected when one party has decisively greater market power than the other. Because there is no carrier in its Missouri local exchanges that is similarly situated to SBC, resellers of residential services have no alternative to SBC. Consequently, SBC’s agreements reflect “negotiations” that have not been tempered by normal competitive concerns regarding a potential loss of business.

Finally, SBC’s application fails the public interest prong of the Act’s three-part test. There is nothing in the record that provides assurances that the residential resale market will remain open after a grant of authority, or that approval will foster competition in this market, particularly the prepaid service market – factors that the Commission has considered when evaluating prior applications for Section 271 authority. Indeed, as developments in Texas

indicate, approval is likely to *erode* the small competitive gains that have been made in this market as a grant of Section 271 authority positions SBC to dominate and eventually monopolize the prepaid local service market.

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| In Missouri                                     | ) |                     |

**COMMENTS OF  
NATIONAL ALEC ASSOCIATION/PREPAID COMMUNICATIONS ASSOCIATION**

The National ALEC Association/Prepaid Communications Association (“NALA/PCA”) hereby files these comments on the above-captioned application of SBC Communications, Inc., et al. (“SBC”) to provide in-region, interLATA services in the State of Missouri. As discussed below, SBC has failed to demonstrate both that it has fully complied with the fourteen-point “Competitive Checklist” and that the requested authorization is consistent with the public interest, convenience and necessity.<sup>1</sup> Accordingly, the Commission should deny the application.

**I. Background and Introduction**

NALA/PCA is a trade association comprised of companies that since 1996 have been providing prepaid local telephone service to hundreds of thousands of residential consumers

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<sup>1</sup> See 47 U.S.C. § 271(d)(3)(A),(C).

nationwide.<sup>2</sup> NALA/PCA members' core customers are those that historically have been considered high-risk – due, for example, to a poor credit history or lack of sufficient identification – and thus unable to obtain local telephone service from incumbent carriers. For these consumers, prepaid local service may offer the only viable option for obtaining local telephone service, including access to 911 emergency services.

NALA/PCA members do not check credit histories or require security deposits. Instead, to minimize the risk associated with serving these consumers, NALA/PCA members require payment prior to providing service and block access to long-distance, directory assistance, operator services, and other usage-based services that require the customer to incur charges in addition to the monthly service charge. In order to provide their services, NALA/PCA members resell the flat-rate, local telephone services and custom calling features of incumbent local exchange carriers ("ILECs"), including SBC.

As the Commission has recognized, resale is an important entry strategy and is expected to remain so for some time.<sup>3</sup> If it is to ensure the continuing viability of resale as both an entry

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<sup>2</sup> In addition to service providers, NALA/PCA members include a wide range of companies that support the prepaid local services industry. NALA/PCA has been an active participant in a number of Commission proceedings addressing the anticompetitive practices of the incumbent local exchange carriers, such as SBC. *See* Comments of NALA/PCA on Bell Atlantic's Application to Provide In-Region, InterLATA Services in New York, CC Docket No. 99-295 (Oct. 19, 1999); Comments of NALA/PCA on Applications of GTE Corporation and Bell Atlantic Corporation for Consent to Transfer of Control, CC Docket No. 98-184 (Aug. 10, 1999); Comments of NALA/PCA on Applications of Ameritech Corp. and SBC Communications, Inc. for Consent to Transfer of Control, CC Docket No. 98-141 (July 19, 1999); *see also* White Paper on Prepaid Local Phone Services Presented by the National ALEC Association (filed August 1999).

<sup>3</sup> *See* First Report and Order, *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Interconnection Between Local Exchange Carriers and*

strategy and a competitive alternative, then it is critical that the Commission in this proceeding respond to the concerns of resellers, including NALA/PCA members, that have only limited resources with which to arbitrate or litigate at the state level. Further, given SBC's reliance on its regional operations and experience to support the instant application, the Commission should be receptive to problems occurring anywhere in the SBC region, not just Missouri. Ultimately, a Commission response that acknowledges and requires the correction of competitive disparities prior to the grant of SBC's requested authority will promote competition and other public interest goals not only in Missouri, but in those states in which SBC has yet to obtain authority to provide in-region, interLATA services.

As explained below, the Commission should deny SBC authority to provide in-region, interLATA services in Missouri until such time as SBC fully complies with its resale and operations support system ("OSS") obligations under the Telecommunications Act of 1996 ("1996 Act"). Even if the Commission finds that SBC has complied with these duties, it should deny SBC's application on the grounds that a grant of authority at this time is premature and inconsistent with the public interest, convenience, and necessity.

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*Commercial Mobile Radio Service Providers*, 11 FCC Rcd 15499, 15954 (Aug. 8, 1996) ("[I]n some areas and for some new entrants, we expect that the resale option will remain an important entry strategy over the longer term. Resale will also be an important entry strategy for small businesses that may lack capital to compete in the local exchange market by purchasing unbundled elements or by building their own networks.").

## **II. SBC Fails to Satisfy Item 14 of the Competitive Checklist**

### **A. Competition in the residential resale market is virtually nonexistent.**

Item 14 of the Competitive Checklist requires that the petitioning company demonstrate that “[t]elecommunications services are available for resale in accordance with the requirement of sections 251(c)(4) and 252(d)(3).”<sup>4</sup> SBC has failed to make the requisite demonstration with respect to residential telecommunications services. In fact, its filing demonstrates the paucity of competition in the residential resale market. This paucity should not be presumed to indicate competitor shortcomings but, rather, should be presumed to indicate SBC’s failure to open the Missouri residential market to competitors.

SBC serves 1,785,817 residential lines in Missouri.<sup>5</sup> Resellers serve only 35,488 of these residential lines – less than 2 percent of SBC’s total Missouri residential lines.<sup>6</sup> Given the nascent state of residential resale competition, SBC’s assertions regarding its “superior performance on resale” should be viewed critically by the Commission when evaluating the state of the residential resale marketplace.<sup>7</sup> The performance demanded of SBC to respond to a fully-opened competitive marketplace is significantly different than that required to respond to inconsequential residential competition.

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4 47 U.S.C. § 271(c)(2)(B)(xiv).

5 See Automated Reporting Management Information System (“ARMIS”) Report 43-08, Table III. ARMIS information is available on the Commission’s website at [www.fcc.gov/ccb/armis](http://www.fcc.gov/ccb/armis).

6 See Brief of SBC Communications, Inc., et al. in Support of Application (hereinafter “SBC Brief”) at 9.

7 *Id.* at 83.



The Commission also should view critically SBC's supporting performance data. Most of the data pertains, in whole or part, to the provisioning of unbundled network elements ("UNEs"), including "UNE loop and port combinations" and UNE platform.<sup>8</sup> Data to support SBC's claims regarding its performance in the resale market should be accepted only if it pertains solely to SBC's provisioning of resold telecommunications services. Data limited to SBC's provision of resold residential services would offer an even more accurate indicator of its performance in the residential resale market.

Also problematic is SBC's assertion that its performance results "clearly demonstrate that SWBT provides Missouri CLECs nondiscriminatory access to wholesale arrangements that facilitate the resale of SWBT services."<sup>9</sup> While SBC provides documentation regarding service initiation, it is silent with respect to suspension and disconnection – areas in which NALA/PCA members have encountered considerable difficulties. In Missouri and elsewhere, SBC does not cease charging the NALA/PCA member for service until SBC actually suspends or disconnects the member's end-user. There may be a substantial lag between the time of the reseller's request and SBC's performance, during which time the reseller incurs unnecessary expense that is attributable solely to SBC's inaction. The fact that SBC continues to generate revenue during this time may act as a disincentive for SBC to respond promptly to a reseller's suspend and disconnect requests.

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<sup>8</sup> *Id.* at 83-84 (citing Dysart Affidavit documenting, for example, missed due dates for UNE loop and port combinations and percent POTS/UNE-P installation completions.) SBC's support also includes data regarding services that are typically available only to business customers, such as ISDN/PRI.

<sup>9</sup> *Id.* at 83.

**B. SBC's M2A and its 13-state agreement favor SBC and do not promote a competitive marketplace.**

Under Item 14, SBC must also demonstrate that its pricing of resold services complies with the pricing standards established in 47 U.S.C. § 252(d)(3). Other than reference the state-approved wholesale discount rate and the Missouri Interconnection Agreement ("M2A"), SBC does not specifically address pricing in its discussion of Item 14.<sup>10</sup>

The M2A is mentioned in the initial sections of SBC's Brief. According to SBC, it "generally followed the substantive terms of the [Texas Interconnection Agreement], while also incorporating the Missouri PSC's arbitration decisions and various other modifications."<sup>11</sup> This type of state-specific global interconnection agreement suffers significant competitive shortcomings, as the Arkansas Public Service Commission alluded to when discussing SBC's Arkansas-specific interconnection agreement, the "A2A":

SWBT has presented the A2A as a "negotiated agreement" which this Commission is free to accept under Section 252 of the Federal Act; however, SWBT has clearly used a pick and choose approach from agreements other than the T2A in order to fashion an agreement, the entirety of which has not been negotiated, which is composed of parts of various agreements that are favored by SWBT.<sup>12</sup>

The Arkansas Commission correctly recognized that this type of template interconnection agreement clearly favors SBC.

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<sup>10</sup> *Id.* at 82- 85.

<sup>11</sup> *Id.* at 4.

<sup>12</sup> Consultation Report of the Arkansas Public Service Commission to the Federal Communications Commission Pursuant to 47 U.S.C. Section 271(D)(2)(B), *In the Matter of the Application of Southwestern Bell Telephone Company for Authorization to Provide In-Region InterLATA Services Pursuant to Section 271 of the Telecommunications Act of 1996 and for the Approval of the Arkansas Interconnection Agreement*, Docket No. 00-211-U (APSC Dec. 21, 2000) at 18.

As an alternative to the state-specific template agreement, SBC offers a 13-State agreement.<sup>13</sup> This agreement, too, favors SBC and therefore is problematic for resellers. Of special concern are provisions governing the *accountability* of SBC to resellers for its failure to perform and other procedural aspects of the relationship. Despite the requirements of Section 251(b)(1) that SBC not impose unreasonable terms on the resale of such services, and of Section 251(c)(1) that SBC negotiate in good faith, SBC's 13-state resale agreement embodies the attitude that, although the law may mandate resale of its services to competitors, SBC will offer nothing more by contract than the minimum services mandated. SBC's standard agreement contains clauses that are to be expected when one party has decisively greater market power than the other.

There remain two difficult asymmetries in the relative positions of SBC and resellers in resale agreement negotiations, notwithstanding SBC's statutory duties to provide services for resale on fair and reasonable terms and to negotiate in good faith. First, SBC continues to enjoy a complete facilities monopoly, and would not be entering into resale agreements at all but for the legal mandate; therefore, normal competitive concerns about losing business to other providers does not temper the one-sided contractual provisions offered. Second, although any individual resale agreement represents only an immaterial portion of SBC's revenues, the payments made by a reseller to SBC will be a substantial portion of the reseller's costs, and the reliability of the services rendered will be essential to the reseller's success with its customers.

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<sup>13</sup> The 13-state SBC agreement covers the 13 states served by SBC and its ILEC affiliates: Southwestern Bell Telephone, Ameritech, Pacific Bell, Nevada Bell, and Southern New England Telephone.

The reseller has much more at stake, and thus much more need for contractual accountability than SBC, which, as a vendor, is concerned chiefly with collections.

As a rule, SBC's resale agreements lack the fairness of contract provisions that have been negotiated between parties of relatively equal bargaining power.<sup>14</sup> For example, SBC's standard form of resale agreement:

1. contains strict limitations on the liability of an SBC for negligent failure to perform the resale services, limiting that liability to a credit or refund, without regard to the actual damage that a failure to provide services would cause to the reseller by loss of customers, and specifically disallowing consequential damages of any sort. The SBC agreement also requires that resellers indemnify SBC against resellers' customer claims, even if such claims arise due to failures by SBC;
2. contains no meaningful penalties or remedies for SBC's inability to meet performance standards such as timeliness of installation or billing, or routine system reliability issues short of absolute failures;
3. makes resellers responsible for all sales and related taxes on resold services, whether levied on SBC or the reseller by the taxing authority;
4. compels arbitration in most SBC/reseller disputes, rather than permitting litigation when a party feels that litigation would best suit its purposes.<sup>15</sup> In addition, the reseller is compelled under the agreement to place any disputed amount in escrow

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<sup>14</sup> Such provisions would generally accord with the rules of the Restatement of Contracts, which articulates the customary provisions of contract law.

<sup>15</sup> While reasonable parties can choose to arbitrate their disputes, such a choice should be

- before commencing an arbitration, and to pay interest to SBC during an arbitration if reseller does not prevail;
5. fails to provide any assurance to the reseller that SBC has made arrangements with its third party vendors such that the reseller's use of SBC services (e.g., OSS, DA, and operator services) will not result in additional fees or costs to reseller imposed by the third party software providers;
  6. permits SBC to terminate the agreement on an annual basis. The standard resale agreements also "cross-defaults" all aspects of the relationship, such that a failure of the reseller to perform a material obligation regarding one particular resale service would, by the agreement, permit SBC to discontinue all services under the agreement; and
  7. requires large deposits from resellers – in some instances, up to four months of estimated billing – which may drain available capital of startup resellers. Because these deposits are applied on a state-by-state basis, they could mean the loss of the use of hundreds of thousands of dollars for resellers operating in all of the SBC states. The agreement also gives SBC the right to credit the deposit in numerous circumstances, regardless of whether reseller owes SBC any money.

Such provisions demonstrate that SBC's standard resale agreement is not a contract between a "willing buyer and willing seller." Rather, given the "negotiation" experience of NALA/PCA members, the SBC interconnection agreement is more akin to a contract of adhesion.

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the result of mutual agreement, not a precondition imposed by one party upon the other party.

### **III. SBC's application glosses over serious billing problems**

To satisfy Item 2 of the Competitive Checklist, SBC must demonstrate that it is providing non-discriminatory access to specific network elements in accordance with the requirements of Sections 251(c)(2) and 252(d)(1).<sup>16</sup> Requisite network elements include OSS, one aspect of which is the incumbent's billing systems.

SBC's Brief devotes only two sentences to its billing systems. Only one of those sentences pertains to its Missouri operations.<sup>17</sup> Not surprisingly, SBC fails to even acknowledge the range of billing problems that resellers have encountered.

A key issue pertains to accuracy. Resellers find that as much as 20 percent of the charges listed on each SBC bill are incorrect. Unfortunately, SBC's billing practices and procedures deprive resellers of adequate time to scrutinize their bills and attempt to resolve billing disputes prior to payment deadlines.

Another key issue pertains to reasonable payment periods as resale carriers find that they may have as little as two weeks between bill receipt and payment due date. Specifically, under SBC's billing procedures, SBC requires that resale carriers pay their bills by the bill due date – typically 30 days from the billing date. A carrier that fails to pay SBC by the bill due date will be considered delinquent. Typically, however, resellers do not receive SBC's bills until 10 to 15 days after the bill date. SBC's practice shortchanges resale carriers of valuable time in which to both review their bills and contest and resolve disputed charges. A more reasonable practice

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<sup>16</sup> See 47 U.S.C. § 271(c)(2)(B)(ii).

<sup>17</sup> See SBC Brief at 45.

would require payment 30 days after carrier *receipt*.

A third issue pertains to delinquency. Resellers that fail to pay by the bill due date risk designation by SBC as “delinquent,” regardless of the cause for the delay. Under SBC’s standard agreement, a carrier that receives a delinquency notice from SBC for nonpayment will be subject to onerous deposit requirements which, as explained above, may total up to four months of estimated billings.

These billing issues are exacerbated by the significant difficulties that NALA/PCA members have encountered in attempting to resolve billing disputes with SBC. While SBC’s standard resale agreement provides for detailed dispute resolution procedures, SBC tends to permit disputed charges to linger for months, and even years, without resolution. Consequently, the reseller’s outstanding balance grows on a monthly basis and the reseller accrues late fees. In one instance, SBC threatened disconnection of a NALA/PCA member’s service although the only overdue balance related to disputed charges.

**IV. Approval of SBC’s application is premature and inconsistent with the public interest, convenience and necessity**

A grant of approval under Section 271 entails satisfaction of a three-part test. Separate from determining whether SBC satisfies the competitive checklist and will comply with Section 272, Congress directed the Commission to assess whether the requested authorization would be consistent with the public interest, convenience and necessity.<sup>18</sup>

While compliance with the checklist is a “strong indicator” that authorization is

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18 See 47 U.S.C. § 271(d)(3)(C).

consistent with the public interest, “the public interest requirement is independent of the statutory checklist and, under normal canons of statutory construction, requires an independent determination.”<sup>19</sup> In evaluating public interest considerations, the Commission has looked to factors such as “unusual circumstances that would make entry contrary to the public interest under the particular circumstances of the application. (Footnote omitted.) Another factor that could be relevant . . . is whether [the Commission has] sufficient assurances that markets will remain open after grant of the application.”<sup>20</sup> The public interest analysis may include consideration of “whether approval . . . will foster competition in *all* relevant telecommunications markets.”<sup>21</sup>

Such factors are present in the instant case. The record clearly demonstrates that competition in the Missouri residential resale market has not yet taken root. There is no basis in the record to conclude that approval of SBC’s application will foster competition in a residential resale market that is not yet demonstrating the indicia of competition.

Further, approval is likely to *erode* the small competitive gains that have been made in this market. It appears that the primary source of Missouri’s nascent residential resale competition is derived from the provision of prepaid local service. Based on its experience in the SBC region, NALA/PCA believes that a grant of Section 271 authority positions SBC to

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19 Memorandum Opinion and Order, *In the Matter of the Joint Application of SBC Communications, Inc. et al for Provision of In-Region, InterLATA Services in Kansas and Oklahoma*, CC Docket No. 00-217, FCC 01-29, (rel. Jan. 22, 2001) (hereinafter “SBC Kansas and Oklahoma Order”) at ¶¶ 266-267.

20 *Id.* at ¶ 267.

21 *Id.* at footnote 822.



dominate and eventually monopolize the prepaid local service market that NALA/PCA members have created. By definition, SBC's monopolization would be detrimental to competition in general. It would also be detrimental to consumers, who will be left with little, if any, competitive alternative to SBC in the residential resale market.

SBC has already begun entering the prepaid market. In 1999, SBC began submitting tariff revisions in its 5-state region to introduce its "Prepaid Home Service" ("PHS"), which is virtually identical to the service offered by NALA/PCA members except that it is generally less expensive.<sup>22</sup> SBC's proposed PHS tariffs were accepted without protest or revision in Arkansas and Kansas. After initial opposition in Texas, SBC re-submitted its PHS tariff in September 1999 pursuant to a fast-track administrative approval process that allowed the service to go into effect on 10 days' notice. SBC recently was permitted to provide PHS in Oklahoma, but only after the Oklahoma Commission, after a contested proceeding, adopted numerous safeguards intended to address and rectify anti-competitive concerns expressed by both the Oklahoma Commission staff and the state's attorney general.<sup>23</sup>

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22 Vigorous competition in the prepaid services market has led to a general reduction in rates since the service was initially introduced. As the provider of wholesale inputs, SBC is in a position to price its PHS below its competitors' rate levels, though it need not do so. Should SBC succeed in monopolizing the prepaid services market, it will be able to adjust that rate to discourage competitive re-entry.

23 See Report and Recommendations of the Administrative Law Judge and Final Order, *Applicant: Southwestern Bell Telephone Company; Relief Sought: Approval of Local Exchange Tariff, General Exchange Tariff, Wide Area Telecommunications Service Tariff, Operator Services Tariff, Private Line Service Tariff, Integrated Services Tariff, Wireless Carrier Interconnection Service Tariff and Long Distance Message Service Tariff Revisions*, Cause No. PUD 990000065 (April 21, 2001 and October 17, 2000) (hereinafter "Oklahoma Report and Order"). This decision became final in late November 2000 after SWBT chose not to appeal.

SBC attempted to introduce the service in Missouri but withdrew its proposed tariff in April 1999, after the Office of Public Counsel opposed the application.<sup>24</sup> NALA/PCA members believe that SBC will attempt to re-introduce PHS in Missouri subsequent to receipt of in-region, interLATA authority in Missouri. Such an offering, given SBC's inherent advantages as incumbent, is likely to result in a contraction of the competitive marketplace as SBC has both the incentive and ability to drive its competitors out of the market and discourage other providers from even entering.

The experience of NALA/PCA members operating in Texas is instructive.<sup>25</sup> Since SBC's September 1999 introduction of PHS, NALA/PCA members have experienced a loss of customers who are migrating back to SBC. While NALA/PCA members welcome competition, SBC has used its monopoly position in such a manner as to make it virtually impossible for others to compete against it.

Specifically, SWBT's access to and use of customer information unavailable to its competitors gives SWBT an overwhelming marketing advantage. SBC's witness in the contested Oklahoma case, Michael Chesney, acknowledged that SBC, in its capacity as incumbent carrier,

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<sup>24</sup> The Office of the Public Counsel warned that competitive prepaid local service providers "are the few if only alternatives for residential customers when SWBT denies a customer service. SWBT's entry into that . . . niche market may . . . have anti-competitive implications which the Commission should explore." Motion of the Office of the Public Counsel to Suspend Southwestern Bell Telephone Company's Tariff and Request for Hearing, Case No. TT-99-344 (MPSC Feb. 11, 1999) at 2.

<sup>25</sup> On March 19, 2001, NALA/PCA filed a formal complaint before the Public Utility Commission of Texas regarding SBC's PHS. *See Complaint of National ALEC Association/Prepaid Communications Association Regarding Anti-Competitive Practices of Southwestern Bell Telephone Company in its Provision of Prepaid Home Service*, Docket No. 23848. This formal complaint was filed after NALA/PCA's unsuccessful attempt to informally

acquires, retains, and has access to competitively-valuable customer information that it does not make available to competitors.<sup>26</sup> Using this information, SWBT can target its PHS marketing to reach both potential and former customers, to the detriment of both competitors and consumers. The concerns expressed in the Oklahoma proceeding have been realized by SBC's prepaid-service competitors in Texas and elsewhere.

Further, SBC continues to be the first point of contact for virtually all customers requesting residential local exchange service or facing service suspension and disconnection. In its capacity as gatekeeper, SWBT can and does funnel potential customers to its PHS. SBC witness Chesney testified in the Oklahoma proceeding that when SBC was contacted by a new customer seeking basic local exchange service, and that "customer failed to qualify for basic local exchange service, Bell would, as a last resort offer that individual PHS."<sup>27</sup> SBC did not inform those prospective customers of competitive options. As for customers facing disconnection, Mr. Chesney acknowledged that "Bell does not do anything today to inform those customers of the options available to them from other carriers."<sup>28</sup> A comparable situation exists throughout SBC's territory today.

Such practices contravene the goals of consumer choice, impede the development of a competitive marketplace, and undermine long-term prospects for existing competitors. Should SBC be granted authority to provide in-region, interLATA services in Missouri, it will have little

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resolve the matter using the Texas Commission's informal complaint resolution procedures.

26     *See* Oklahoma Report and Order at 9.

27     *Id.* at 8.

28     *Id.* at 9.

incentive to modify these and other anti-competitive practices. The Commission, therefore, should conclude that a grant of Section 271 relief is premature and inconsistent with the public interest, convenience and necessity until such time as SBC demonstrates that it is no longer abusing its position as incumbent and thwarting the development of competition in the residential resale market.

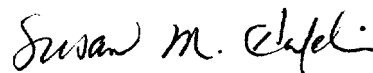
### **Conclusion**

The Commission should not authorize SBC to provide in-region interLATA services in Missouri until such time as SBC can demonstrate its compliance with all 14 items of the Competitive Checklist, particularly Items 2 and 4. Further, the Commission should conclude that a grant of the requested authority is premature and inconsistent with the public interest, convenience and necessity at this time.

Therefore, based on the foregoing, NALA/PCA urges the Commission to deny SBC's application for authority to provide in-region interLATA services in Missouri.

Respectfully submitted,

**NATIONAL ALEC ASSOCIATION/  
PREPAID COMMUNICATIONS  
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April 24, 2001

## CERTIFICATE OF SERVICE

I, Mary Stafford, a secretary with the law firm of Shaw Pittman, hereby certify that on this, the 24<sup>th</sup> day of April 2001, I served a true copy of the foregoing **Comments of National ALEC Association/Prepaid Communications Association** by first class United States Mail, postage prepaid, upon the following:

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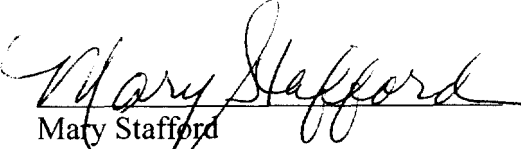
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